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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 000374

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SUBJECT: S/P DIRECTOR KRASNER MEETS DIRECTOR GENERAL FOR
NORTH AMERICAN AFFAIRS KAWAI

Classified By: Charge d'Affaires W. Michael Meserve for reasons 1.4(b)
and (d)

¶1. (C) SUMMARY: During a January 12 meeting with S/P Director Krasner, Director General for North American Affairs Chikao Kawai (since elevated to Deputy Vice Minister of Foreign Affairs for Foreign Policy) explained that Japan cannot, for domestic reasons, provide humanitarian assistance to the DPRK and urged patience in dealing with the North through the Six Party Talks. With regard to India, Kawai reiterated Prime Minister Abe's desire to establish a quad grouping including Japan, India, Australia, and the U.S., but acknowledged that what this group would address or do is still in the formative stages. Developments in Central Asia, Russia, and China that are of interest to Japan were also touched upon. END SUMMARY.

¶2. (C) MOFA North American Affairs Director General Chikao Kawai (who was elevated to Deputy Vice Minister and Director General for Foreign Policy on January 16) hosted a luncheon for visiting Policy Planning Director Krasner December 12. Dr. Krasner was accompanied by Charge Donovan, NSC Senior Director for Strategic Planning William Inboden, S/P Staff member James Green, and Embassy Tokyo Political Officer (notetaker). DG Kawai was joined by Yusuke Arai and Takeomi Yamamoto, both of the First North American Affairs Division.

SIX PARTY TALKS

¶3. (C) Dr. Krasner told Kawai the U.S.-Japan-ROK trilateral talks just completed in Seoul had been useful. While there, he also met bilaterally with Deputy Vice Minister for Foreign Policy Kohno to discuss a number of issues, including the way forward with the DPRK. Foreign aid to the DPRK was mentioned, the hope being that aid offered by Seoul should be more tactically applied to achieve agreed upon strategic goals. Kawai commented that Japan is not in a position at present to offer any humanitarian assistance to the DPRK. Such a gesture is precluded by domestic political concern over the abduction issue. Kawai confirmed no progress has been made on this issue, and commented that the trip to Pyongyang by former LDP Vice President Taku Yamasaki was not sanctioned by the government and was viewed as unhelpful. He went without consulting anyone, embarrassing the Prime

Minister and upsetting Director General for Asian Affairs Sasae, who was at the moment in Washington, and drawing negative remarks to the press from Chief Cabinet Secretary Shiozaki.

¶4. (C) The United States is willing to be flexible with the DPRK if the North abandons its nuclear program, Dr. Krasner explained. A problem that remains is our lack of understanding about what exactly motivates Kim Jong Il, and a concern his motivations aren't even all that clear to the Chinese. Kawai replied it is Japan's hope that China will exert more pressure on the DPRK, even though this might worsen relations between the two countries. For example, the fact that China voted, along with Russia, in favor of a UNSC resolution aimed at the DPRK was a significant development. However, the possible downside is that Pyongyang will now fear that its two security guarantors, Beijing and Moscow, have become less reliable, further justifying in their own minds the need for nuclear weapons as a deterrent force.

¶5. (C) Kawai said he is not optimistic that the North will make any concessions and urged maximum patience in the negotiating process. Even though time is on Kim's side - he can continue his program and manufacture nuclear weapons - we should not appear too anxious to make major concessions to get him to stop. As for Kim's popular support among his military and the public, Kawai said that Japan has no idea. He counseled the need for contingency plans both in case the North takes military action or if it collapses, unleashing a wave of refugees that none of the countries of the region can handle. The Japanese people, Kawai added, will accept the need for such plans, as the recent missile and nuclear tests

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have given them a more realistic view of the North Korean threat.

¶6. (C) When asked whether Japan would accept a Five Party format if the Six Party Talks were to fail, Kawai responded that the six party formula is the best for right now. We all need to take this step by step, with the realization that China must play a leading role. If China decides, Russia will follow, Kawai stated.

INDIA

¶7. (C) Dr. Krasner asked DG Kawai about Japan-India relations, and specifically about the proposal by Prime Minister Abe to establish a quadrilateral relationship between Japan, India, the United States, and Australia. Kawai explained that PM Abe has a strong interest in such a grouping of powerful Asian/Pacific democracies. The Japanese understanding is that the Secretary supports this concept, but is urging that it be developed slowly so as not to give concern to China. Kawai maintained that the quad grouping is not meant to isolate China, but rather to bring them more into the process. When asked what the quad's role would be, or what issues it would address, Kawai admitted that the GOJ's thoughts on this are still in the formative stages. Cooperation in "non-threatening" activities such as disaster relief or maritime security come immediately to mind. Kawai also acknowledged that before any type of multilateral grouping can be set up, it is critical that Japanese-Indian relations be further developed. While Japan and India are very different in many ways, they also share many of the same values. Both peoples have a positive image of each other and there is a desire to increase economic and, with it, political cooperation.

¶8. (C) In addition, said Kawai, India, as a strong and thriving multi-ethnic democracy working with Japan, the United States, and Australia, can also play a major role in Foreign Minister Aso's vision for an "Arc of Prosperity." While these four countries share core values, they are still

very different in many ways, and these differences can be used to an advantage when dealing with and helping young and struggling democracies. For example, India may be able to relate better to some countries that do not wish to be openly tied to the United States. India can no longer be viewed as simply a strong regional player, but rather as a growing global power, said Kawai. He continued that India seems more interested in further exploring a four-way grouping than Japan had expected, and this is something that should continue to be thought about.

CENTRAL ASIA

¶9. (C) Japan is very interested in furthering bilateral and multilateral relations with the countries of Central Asia, and was very encouraged by SCA DAS Evan Feigenbaum's recent visit to Tokyo, said Kawai. He recalled former Prime Minister Koizumi's visits in August to both Kazakhstan and Uzbekistan, which Japan considers the key countries of the region. In Uzbekistan, in particular, Koizumi had urged his hosts of the need to develop democratic institutions that would acknowledge, observe, and protect human rights. One hindrance to developing further relations with Central Asia is increased competition for diminishing ODA resources. The "Arc of Prosperity" concept enunciated by FM Aso foresees closer cooperation with the countries of Central Asia, among others, but remains more of an "umbrella" concept that seeks to coordinate existing assistance programs and add new ones. Kawai explained that FM Aso also believes that each Central Asian country must develop their own initiatives and that a key goal of development assistance must be aimed at developing a middle class.

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RUSSIA

¶10. (C) Kawai touched briefly on Japanese relations with Russia, explaining that Japan is not all that upset by recent developments involving the Sakhalin 2 energy project. Tokyo realizes that the original agreement was made at a time when Russia was weak and accepts the fact Moscow is trying to renegotiate to its benefit. That said, Japan believes it would be helpful for consumers of Russian oil to coordinate better to make it more difficult for Russia to put pressure on other countries that are too overdependent on Moscow for their energy needs. With regard to territorial issues, Japan will continue to press its position. Tokyo believes that President Putin is strong enough to withstand domestic pressures were he to decide to make concessions on such issues.

CHINA

¶11. (C) References to China permeated the wider discussion. But with regard to its thriving economy, Kawai said he believes the Chinese government is becoming concerned about too much growth, too fast. Much of China's economy depends on foreign factors such as trade and investment, making the country potentially vulnerable to external threats. And as the economy grows, issues such as income disparity and corruption might threaten the political order from within. In addition, Kawai said, the Chinese are not unaware of what happened to the Japanese economy in the 1990's. So while the businessmen in Shanghai are smiling, government officials are more wary. It is therefore perhaps premature to conclude that rapid economic growth will lead to more political liberalization.

¶12. (C) Kawai concluded that it is inevitable that China and

Japan will continue to strongly influence each other and that their economies will continue to interact, particularly in southern Japan where, he noted, Nagasaki is closer to Shanghai than it is to Tokyo. And while Japan will cease its ODA program to China in 2008, assistance will continue in some sectors, including the environment, in which actions or events in China have direct impacts on Japan, for example pollution and shifting sands borne aloft.

¶13. (U) This cable was cleared by S/P Director Krasner.
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